

## Message Text

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PAGE 01 STATE 216673

ORIGIN OPIC-06

INFO OCT-01 AF-10 ISO-00 EB-08 AID-05 /030 R

DRAFTED BY OPIC/F B M HENDERSON

APPROVED BY EB/IFD/ OIA: MPBOERNER

EB/IFD/OIA:DVGRANT

AF/C:MR. SWING (SUBS)

AF/C:MR.SWIG (SUBS)

-----040667 100040Z /73

P 092220Z SEP 77

FM SECSTATE WASHDC

TO AMEMBASSY KIGALI PRIORITY

UNCLAS STATE 216673

FROM OPIC PASS WERTHEIM, SIRT

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: WERTHEIM TEA PROJECT

1. OPIC ANALYSIS OF PROJECTED EXPENDITURES TO COMPLETE TEA PROJECT COMPARED WITH ORIGINAL BUDGET ESTIMATES (MAY, 1975) INDICATE OVERRUN OF 276,000 DOLLARS, WHICH IS 74,000 DOLLARS LESS THAN OVERRUN FUNDING OF 350,000 DOLLARS AVAILABLE TO THE PROJECT. LATTER FIGURE APPEARS TO OPIC AND IFC A MINIMAL CUSHION COMPARED WITH THE TOTAL ESTIMATED COST OF PROJECT (4 PERCENT OF 1,856,000 DOLLARS), CONSIDERING CONSTRUCTION STILL HAS ONE YEAR TO RUN. THEREFORE OPIC AND IFC ADVISE YOU TO SEEK ADDITIONAL 100,000 DOLLARS STANDBY COMMITMENT IN LOCAL CURRENCY.

2. THIS APPEARS WARRANTED IN LIGHT OF HEAVY OVERRUN IN PREOPERATING EXPENSES (145,000 DOLLARS - ARCHER SALARY)  
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PAGE 02 STATE 216673

CAUSED BY INABILITY SIRT TO BEGIN MARKETING TEAS AS EXPECTED SOON AFTER SIGNATURE OF LOAN DOCUMENTS JULY 1976. IF MARKETING CONTRACT HAD BEEN IN FORCE, SIRT INCOME WOULD HAVE COVERED SALARY EXPENSES AND NOT ADDED BURDEN TO TOTAL PROJECT COST. OTHER MAJOR OVERRUN ITEMS ARE FREIGHT (101,000 DOLLARS, ENTIRELY LOCAL CURRENCY) AND FACTORY BUILDING (156,000 DOLLARS, 40 PERCENT LOCAL).

COST INCREASES IN THESE ITEMS WERE LARGELY OUTSIDE

PROJECT MANAGEMENT CONTROL. THE ANALYSIS INDICATES THAT MOST AREAS UNDER MANAGEMENT CONTROL, SUCH AS SITE PREPARATION, CONSTRUCTION COSTS, STAFF HOUSING, AND VEHICLE PURCHASES ARE UNDER BUDGET, SHOWING CLOSE CONTROL OF EXPENDITURES, FOR WHICH OPIC COMMENDS WERTHEIM.

3. LETTERS WILL FOLLOW TO TEA IMPORTERS AND TO RDB FORMALIZING THIS REQUEST. VANCE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TEA, PROGRAMS (PROJECTS)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 09-Sep-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977STATE216673  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** F B M HENDERSON  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Office:** ORIGIN OPIC  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**SAS ID:** 1323434  
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**Status:** NATIVE  
**Subject:** WERTHEIM TEA PROJECT  
**TAGS:** EFIN, RW, OPIC  
**To:** KIGALI  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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